

2013

Missouri Enterprise Zones

FY 2013 Annual Report



Missouri Department of Economic Development

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SUMMARY

STATUTORY AUTHORITY

- Sections 135.200 to 135.270, RSMo
- Pursuant to SB 1155 (2004), the Enterprise Zone tax benefit program is being phased out of existence and replaced with the Enhanced Enterprise Zone program.

PURPOSE

To provide tax incentives which promote and facilitate the expansion of new and/or existing businesses in Missouri's many enterprise zones.

PROGRAM DESCRIPTION

The eligible project must be located in one of Missouri's "enterprise zones." Enterprise zones are specified geographic areas as set forth by statute and certified by the Department of Economic Development (DED). Designations are based on demographic eligibility and approval of a request by the local government. The number of zones that may be certified is limited by law.

Facility eligibility is determined by its primary Standard Industrial Classification (SIC) or North American Industrial Classification System (NAICS) code, and includes manufacturing, warehousing, wholesale distribution, mining, insurance, research and development, recycling operations, computer-related services, and certain office activities.

To receive credits, a facility must create at least two new jobs and make a new investment equal to or in excess of \$100,000 (\$1,000,000 for replacement facilities) in the claimed year as compared to the base year (the year prior to a facility's commencement of operations). The investment credits are based on the original cost of machinery, equipment, furniture, fixtures, land and building, and/or eight times the annual rental rate paid for the same, excluding inventory.

Credits may be issued for each of ten years after the commencement of operations, unless the life of the enterprise zone expires first. Local property tax abatement, a state income tax exemption, and state income tax credits may be provided as business incentives, based on the following factors:

- new jobs created at the facility;
- enterprise zone residents employed by the facility;
- employees classified as "difficult to employ", or special;
- training for zone residents or employees classified as difficult to employ; and
- the amount of new investment at the qualifying facility.

MISSOURI ECONOMIC IMPACT

As the Enterprise Zone Program continues to wind down, the Department of Economic Development issued \$1,420,201 in tax credits in fiscal year 2013. The company receiving credits generated \$6,975,702 in net new investment over the previous year's filing with no net new job creation. This same company generated \$59,799,826 in new investment for the total project over the base year and created 399 new jobs.

The overall state unemployment rate has decreased slightly over the past year to 6.9 percent at fiscal year end, down from 7.1 percent in June 2012. This places Missouri's unemployment rate under the national unemployment rate, which was 7.6 percent.

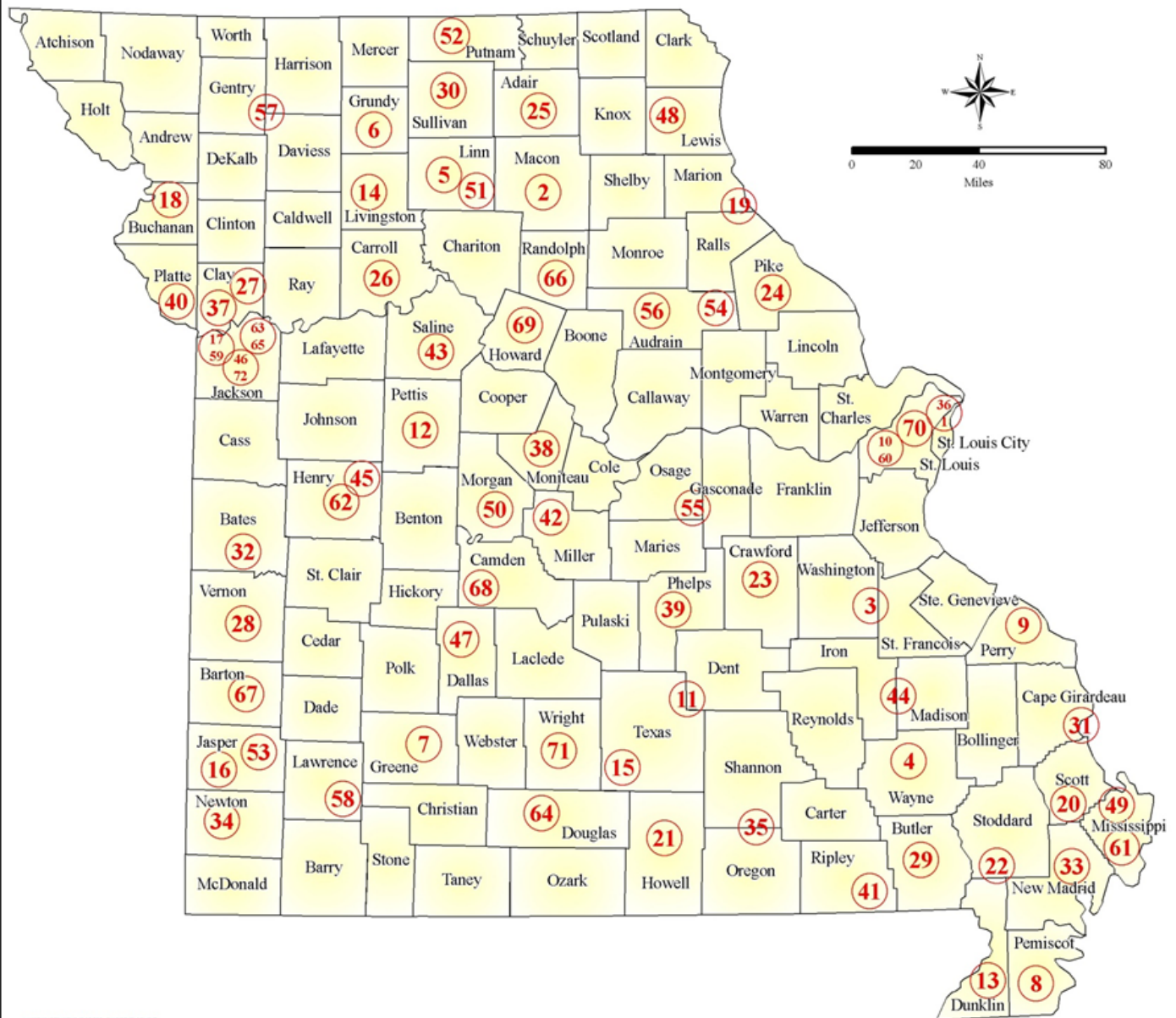
MISSOURI ENTERPRISE ZONE PERFORMANCE

While the program generated some investment over fiscal year 2013, the number of businesses participating in the program continues to decrease, due primarily to zone and benefit expirations. As of June 30, 2013, 59* of the 72 enterprise zone designations had expired. All zones will expire by December 30, 2019. Because the MO Enterprise Zone program is sunset, the Department expects to see a continuing decline in the program's economic impact as zones continue to expire.

*The FY2012 annual report erroneously reported 60 zones as having expired.

GEOGRAPHIC DISTRIBUTION

Missouri Enterprise Zones Locations



Economic Impact of Active Missouri Enterprise Zones, Fiscal Year 2013						
Active Zones - Number and Name	Number of Facilities	Net New Investment from Previous FY ³	Net New Jobs ³	Zone Residents ¹	Special Employees ²	Total Credit Issued FY 2012
2. Macon/Macon County/Callao/Bevier						
5. Brookfield						
40. Kansas City Satellite #1						
63. Independence						
64. Ava						
65. Independence Satellite						
66. Moberly	1	\$6,975,702	20.64	197	0	\$1,420,201
67. Lamar						
68. Camden County						
69. Fayette						
70. North St. Louis County						
71. Wright county						
72. Independence Satellite Zone II - Southeast						
Totals:	1	\$6,975,702	20.64	197	0	\$1,420,201

¹ Indicates employees living in an area designated an active enterprise zone.

² Employees were eligible for MO General Relief program, Temporary Assistance Program, or were unemployed at least 3 months prior to being hired at the facility.

³ Net new investment and net new jobs are calculated by comparing the previous year new investment and new jobs to current year new investment and new jobs for the businesses issued tax credits in FY2013.

Zones Expired as of 6/30/2013

Zone # and Name	Zone # and Name
1. St. Louis Midtown	33. New Madrid
3. Washington County/St Francois County/ Potosi/Park Hills	34. Neosho
4. Wayne County/Greenville/Piedmont	35. Shannon County
6. Trenton	36. St. Louis Satellite
7. Springfield	37. Clay County
9. Perryville	38. California
8. Pemiscot County/Caruthersville/Steele/Hayti/Cooter	39. Rolla
10. Wellston	41. Ripley County
11. Dent County/Texas County/Salem/Licking/Houston	42. Miller County
12. Sedalia	43. Marshall
13. Kennett	44. Madison Co./Iron Co./Fredericktown/Ironton/Pilot Knob
14. Chillicothe	45. Windsor/Henry County/Pettis County
15. Cabool	46. Kansas City Satellite #2
16. Joplin Area/Webb City	47. Dallas County/Buffalo
17. Kansas City	48. Lewis County
18. St. Joseph/Buchanan County	49. Mississippi County
19. Hannibal	50. Morgan County
20. Sikeston	51. Marceline
21. Howell County/West Plains/Willow Springs	52. Putnam County
22. Dunklin Co./Stoddard Co./Malden/Bernie/Campbell/Dexter	53. Carthage
23. Cuba/Steelville/Crawford County	54. Vandalia
24. Pike	55. Gasconade Valley
25. Kirksville	56. Mexico
26. Carrollton	57. Daviess County/Gentry County/Harrison County
27. Excelsior Springs	58. Aurora
28. Nevada/Vernon County	59. Kansas City Federal Enterprise Community
29. Poplar Bluff/Butler County	60. St. Louis/Wellston Federal Enterprise Community
30. Milan/Sullivan County	61. East Prairie Federal Enterprise Community
31. Cape Girardeau/Cape Girardeau County	62. Clinton
32. Butler	